

Tax Policy Notice – Historic Preservation Credit

The Missouri Department of Revenue is issuing this tax policy notice in an effort to clarify when a Historic Preservation Credit can be carried back to tax years before the property was placed in service.

Taxpayers claiming the Historic Preservation Credit on or after January 1, 2002 will be required to file their income tax return for the year the rehabilitated property is placed in service **BEFORE** carrying the credit back to prior years.

The carryback provision for the Historic Preservation Credit is found in subsection 1 of Section 253.557.1, RSMo, which states “If the amount of such credit exceeds the total tax liability for the year in which the rehabilitated property is placed in service, the amount that exceeds the state tax liability may be carried back to any of the three preceding years...”

This section establishes a condition on the carryback. The credit must exceed the tax liability for the year the property is placed in service otherwise, no carryback is available. To enforce this provision of the statute, the Missouri Department of Revenue will apply the credit to the tax liability for the year the property is placed in service before allowing the credit carryback to prior years. This means the taxpayer's income tax return for the year the property is placed in service must be filed before the taxpayer may claim any refund based on amended returns carrying back the credit to prior years.

This policy will be effective January 1, 2002. Its implementation is being delayed for the benefit of taxpayers who previously earned or purchased Historic Preservation Credits, but were not apprised of the Department of Revenue's administration of the credits.